Modification of Press Note 18 of 1998

159. SHRI KALRAJ MISHRA:
SHRI K. RAMA MOHANA RAO;
SHRI VIJAY J. DARDA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether to promoe the inflow of Foreign Direct Investment (FDI) Government have decided to withdraw or modify the restrictive provisions of Press Note 18 of 1998;

(b) if so, the details of the restrictive provisions relaxed, mofidied or withdrawn and how far these provisions have been or are proposed to be relaxed; and

(c) what were the interests and purposes of these restrictions and how these interests and purposes would be served under the new scenario?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (c) Government has, on review of the guidelines notified vide Press Note 18 (1998 series) which required prior approval of the Government for new proposals for foreign investment/technical collaboration where the foreign investor has or had any previous joint venture or technology transfer/trademak agreement in the same or allied field in India, issued fresh guidelines vide Press Note 1 (2005 series) dated 12th January 2005. These guidelines inter alia provide that prior Government approval for new proposals would be required in cases where the foreign investor has an existing joint venture or technology transder/trademark agreement in the 'same' field. Even in such cases, prior Government approval will not be required in the following cases-

a. Investment to be made by Venture Capital Funds registered with the Security and Exchange Board of India (SEBI); or

b. where in the existing joint-venture investment by either of the parties in less than 3%; or

c. where the existing venture/collaboration Is defunct or sick.

The guidelines further provide that joint ventures to be entered into after the issue of Press Note 1 (2005 Series) might embody a 'conflict of interest' clause in their joint venture agreement to safeguard the interests of joint venture partners in the event of one of the partners desiring to set up

another joint venture of a wholly owned subsidiary in the 'same' field of economic activity.

The Foreign Direct investment policy is reviewed on an ongoing basis with a view to make the investment climate more attractive, simplify procedures, and to enhance FDI inflow into the country.

Steps Against Anti-Dumping Restrictions

160. DR. AKHILESH DAS: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether with a view to exercising pressure on the US and other developed nations to relax or withdraw anti-dumping restrictions imposed by them against India and other developing countries the WTO has permitted India and seven other nations to impose counter restriction fees;

(b) if so, the details of the counter measures permitted to India and others; and the anti-dumping restrictions in question; and

(c) what steps have since been taken by Government in pursuance thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) and (b) Pursuant to the adoption of World Trade Organization (WTO) Panel and Appellate Body Reports which held US legislation, commonly known as Byrd Amendment, not to be in conformity with the obligations under the WTO, the US was required to bring this legislation into conformity with the WTO obligation. The US had until 27 December 2003 to bring this legislation into conformity with the WTO Rules. But the US failed to comply with this decision within the specified time limit. Subsequently India along with Brazil, Canada, EU, Korea, Japan and Mexico have obtained authorization from the Dispute Settlement Body (DSB) to impose counter measures against the US for is failure to comply with the DSB decision in this dispute. The counter measure may consist of additional import duties above the bound customs duties on certain US products upto a pre-deter-mined level that is as approved by the WTO arbitrator.

(c) Government has identified an indicative list of products on which additional import duties, as countermeasures could be imposed.